

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6847

BILL NUMBER: HB 1465

NOTE PREPARED: Apr 2, 2013

BILL AMENDED: Mar 28, 2013

SUBJECT: INSPECT Program.

FIRST AUTHOR: Rep. Davisson

FIRST SPONSOR: Sen. Patricia Miller

BILL STATUS: As Passed Senate

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill allows prescriptions for Schedule V controlled substances to be transmitted by an electronic prescription from the practitioner or the agent of the practitioner to a pharmacy.

The bill also provides that the controlled substances registration fees must be deposited into the Controlled Substances Data Fund. (Current law requires the deposit of 16% of the fees into the fund.)

The bill also establishes the INSPECT Interim Study Committee.

Effective Date: July 1, 2013.

Summary of NET State Impact: The bill is estimated to reduce annual revenue to the state General Fund by approximately \$850,000 - shifting the revenue to the Controlled Substances Data Fund, resulting in a total of \$1 M in funding for the operations of the INSPECT program.

The bill would also establishes an interim study with anticipated expenses of up to \$9,500.

Explanation of State Expenditures: *INSPECT Interim Study Committee:* The bill establishes an 11-member study committee consisting of 4 legislators, 5 lay members, and 2 state employees. The committee is to operate under the policies governing study committees adopted by the Legislative Council. Legislative Council resolutions in the past have established budgets for interim study committees in the amount of \$9,500 per

interim for committees with fewer than 16 members. The bill specifies that lay members are not eligible to receive salary per diem or travel expenses.

The committee is established for one interim session to study and make recommendations concerning potential enhancements to the INSPECT program and the limitations and benefits of each potential enhancement with respect to curbing controlled substance abuse. The bill also requires the committee to study the potential for adding the reporting of legend drugs to the INSPECT program.

INSPECT Background Information: Federal grant funds provided the expansion funding for the INSPECT program after the program was moved to the IPLA and expanded to provide access to pharmacies and physicians. The INSPECT program currently receives about \$160,000 in funding from 16% of the controlled substance registration fees. The federal grant funds have been exhausted. The program expense for FY 2012 was \$206,060. The IPLA is estimating FY 2013 total expenditures to be \$314,876.

Explanation of State Revenues: This bill would decrease revenue to the General Fund by approximately \$850,000, annually. The revised allocation would direct the \$850,000 to the dedicated, nonreverting Controlled Substances Data Fund (CSD Fund), which is used to fund the operation of the INSPECT program.

Currently, 84% of the revenue from controlled substances registration fees are deposited in the General Fund, while 16% is deposited in the CSD Fund. The bill eliminates the revenue for the General Fund by requiring the total fee be deposited in the CSD Fund. This estimate assumes that the controlled substances registration fee and the number of registrations will remain stable. The Indiana Professional Licensing Agency typically estimates the Controlled Substances Registration fee revenue on a two-year basis since license types are staggered two-year renewals, and the fees are assessed with the license renewals.

Current Allocation	Controlled Substance Registration Fees	General Fund 84%	Controlled Substances Data Fund 16%
FY 2011	1,104,730	927,908	176,822
FY 2012	918,369	771,452	146,917
Two-Year Total	2,023,099	1,699,360	323,739
Average Annual	\$ 1,011,550	\$ 849,680	\$ 161,870

Revised Allocation	Controlled Substance Registration Fees	General Fund 0%	Controlled Substances Data Fund 100%
Average Annual	\$ 1,011,550	\$ 0	\$ 1,011,550
Difference Due to Change in Allocation		(\$ 849,680)	\$ 849,680

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: IPLA, LSA.

Local Agencies Affected:

Information Sources: IPLA, Indiana State Auditor, State Budget Agency.

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